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PALMPAY CHINA (HOLDINGS) LIMITED

中國掌付(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 8047)

PROFIT WARNING

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to incur loss for the three months 31 December 2010 as compared to the profit for the three months ended 31 December 2009 based on the current information available.

Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

This announcement is made by Palmpay China (Holdings) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that the Group is expected to incur loss for the three months ended 31 December 2010 as compared to the profit for the three months ended 31 December 2009. The loss for the three months ended 31 December 2010 is mainly attributable to the decrease in turnover which is due to the fact that the payment industry is undergoing adverse changes in the PRC. During 2010, the relevant Government authorities have tightened the governance in an effort to eliminate the irregular activities in the payment by deduction market in the PRC. On the other hand, with capital and licensing requirements being imposed under the new regulations which aim to provide protections to the customers, the market sentiment of the payment industry, particularly for small to medium players, has become difficult.

* For identification purposes only

Information contained in this announcement is only the preliminary assessment by the management of the Company based on current information available, which have not been confirmed by the Company's auditors. The unaudited third quarterly results of the Group for the nine months ended 31 December 2010 is scheduled to be published on 11 February 2011.

Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

By order of the Board of
Palmpay China (Holdings) Limited
Mr. Chan Francis Ping Kuen
Executive Director

Hong Kong, 2 February 2011

As at the date of this announcement, the executive Directors are Mr. Yuan Shengjun, Mr. Hsu Tung Chi, Mr. Chan Francis Ping Kuen and Mr. Chan Hin Wing, James. The independent non-executive Directors are Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Cheung Chi Hwa, Justin.

This announcement, for which the directors of Palmpay China (Holdings) Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for at least 7 days from the date of its posting and the Company's website at www.palmpaychina.com.